

**TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE**



FISCAL NOTE

HB 1224 - SB 1335

March 15, 2013

SUMMARY OF BILL: Prohibits property seized on an interstate highway from being forfeited until the person from whom the property was seized is convicted of a criminal offense.

ESTIMATED FISCAL IMPACT:

**Decrease State Revenue – \$90,000/FY13-14
\$180,000/FY14-15**

**Decrease State Expenditures – Net Impact – \$35,000/FY13-14
\$70,000/FY14-15**

Decrease Local Revenue – Exceeds \$100,000/Recurring

Assumptions:

- According to the Department of Safety (Safety), approximately 20 percent of the vehicles seized by the department are seized on interstate highways.
- According to Safety, forfeiture proceedings, on average, last six months. The department assumes that the average criminal case will take three years. The bill would result in forfeiture proceedings being delayed two and one half years. The bill would result in decreased revenue for FY13-14 and FY14-15. The decrease in FY13-14, however, will only result in the last six months of the fiscal year, as the forfeiture proceedings of the first six months will be for vehicles seized in FY12-13.
- According to Safety, it spends \$600,000 each year in legal costs for Administrative Law Judges to preside over forfeiture proceedings. The department assumes that 20 percent of its legal costs are for vehicles seized on interstate highways. The bill would result in decreased expenditures of \$60,000 in FY13-14 $[(\$600,000 \times .20) / 2]$ and \$120,000 in FY14-15 $(\$600,000 \times .20)$, because the delayed proceedings will not require Safety to pay these costs for two and one half years.
- According to the Department of Safety, the department has limited space to keep seized vehicles. The delayed proceedings that would result under the bill would require the department to obtain new storage space for seized vehicles. Safety estimates that such space would cost \$50,000 per year. The bill would result in increased expenditures of \$25,000 in FY13-14 $(\$50,000 / 2)$ and \$50,000 in FY14-15.
- The net impact of the bill on expenditures would be a decrease in expenditures of \$35,000 $(\$60,000 - \$25,000)$ in FY13-14 and \$70,000 $(\$120,000 - \$50,000)$ in FY14-15.

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- The bill would result in decreased revenue for FY13-14 and FY14-15 because of the delayed proceedings. Someone wanting to challenge the forfeiture pays a bond of \$350 to Safety and an administrative hearing is scheduled. After the proceedings are complete, approximately six months, the bond is usually split. Half of the bond is returned to the individual, and the other half stays with Safety.
- According to Safety, the department receives approximately \$500,000 per year in cost bond revenue and \$400,000 per year from forfeiture revenue, as proceeds from the forfeited property.
- As stated above, the department assumes that 20 percent of the vehicles seized by the department are seized on interstate highways. The bill would result in decreased revenue of \$90,000 in FY13-14 $\{[(\$500,000 + \$400,000) \times .20] / 2\}$ and \$180,000 in FY14-15 $[(\$500,000 + \$400,000) \times .20]$.
- According to the Chiefs of Police, at least one local law enforcement agency seized 102 vehicles in 2012. The forfeiture proceeds from these vehicles were \$133,710. Assuming 20 percent of these vehicles were seized on interstate highways, the bill would result in decreased revenues of \$26,742 $(\$133,710 \times .20)$. Assuming the other counties experience similar decreases in revenue, the total decrease in local revenue would exceed \$100,000.
- The Chiefs of Police also noted that some property is never claimed by a defendant or the defendant is never identified. The bill would result in law enforcement agencies having to hold this property indefinitely as there would be no conviction to tie to the property, triggering potential forfeiture.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.



Lucian D. Geise, Executive Director

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